

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-09 LAB-06

NSAE-00 RSC-01 SIL-01 DODE-00 PM-09 H-02 L-03 NSC-10

PA-03 PRS-01 SS-14 USIA-12 NIC-01 TRSE-00 OMB-01

RSR-01 /111 W

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R 231452 Z MAR 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9810

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

LIMITED OFFICIAL USEHIIVQKHOLM 1032

E. O. 11652: N/A

TAGS: ELAB EGEN SW

SUBJECT: SWEDISH PENSION FUND AS POLITICAL ISSUE

REF: STOCKHOLM A-369 9/22/72; A-466 11/10/72

BEGIN SUMMARY. AS REPORTED IN AIRGRAMS UNDER REFERENCE, A GOVERNMENT- APPOINTED FACT- FINDING COMMITTEE PROPOSED LAST FALL THAT ONE PERCENT OF GIANT NATIONAL PENSION FUND RESOURCES BE USED TO PURCHASE SHARES IN SWEDISH COMPANIES. COMMITTEE MEMBERSHIP INCLUDED PROMINENT BUSINESS REPRESENTATIVES AS WELL AS GOVERNMENT AND ITS CAREFULLY WORKED OUT PROPOSALS WERE FAIRLY GENERALLY ACCEPTED BY PUBLIC. GOS, HOWEVER, HAS NOW PROPOSED MAJOR CHANGES IN COMMITTEE'S RECOMMENDATIONS FOR USE OF FUND MONEY AND THIS HAS CAUSED STRONG CRITICISM FROM POLITICAL OPPOSITION AND BUSINESS. CRITICS SAY THAT GOVERNMENT'S PROPOSAL, IF ADOPTED, COULD REPRESENT A MAJOR STEP AWAY FROM PRESENT MIXED ECONOMY IN DIRECTION OF INCREASING GOVERNMENT CONTROL OF LIMITED OFFICIAL USE

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INDUSTRY. END SUMMARY

1. AT PRESS CONFERENCE ON MARCH 21 FINANCE MINISTER STRANG GAVE

GOS VIEWS ON USE OF PENSION FUND MONEY AS RISK CAPITAL. HE SAID THAT GOS WISHED TO REVISE COMMITTEE PROPOSALS AS FOLLOWS:

A. FIVE PERCENT LIMIT ON SHARES IN ANY ONE COMPANY PURCHASED WITH FUND MONEY WOULD BE DROPPED.

B. LIMIT OF ONE PERCENT OF FUND RESOURCES TO BE USED TO PURCHASE SHARES WOULD BE RETAINED AT START OF PROGRAM. HOWEVER, ADDITIONAL FUNDS COULD BE APPROVED BY GOS WITHOUT AGREEMENT OF RIKSDAG. MOREOVER, RIKSDAG WOULD NOT HAVE RIGHT OF ANNUAL REVIEW OF PROGRAM AS ORIGINALLY PROPOSED.

C. MEMBERSHIP OF BOARD ESTABLISHED TO ADMINISTER PROGRAM WOULD BE CHANGED SHARPLY IN FAVOR OF LABOR AND GOVERNMENT. NEW PROPOSAL WOULD HAVE BOARD CONSISTING OF 11 MEMBERS -- 5 FROM LABOR, 2 FROM BUSINESS, 2 FROM LOCAL GOVERNMENTS, WITH CHAIRMAN AND VICE- CHAIRMAN FROM NATIONAL GOVERNMENT.

2. WHEN QUESTION WAS BEING DISCUSSED LAST YEAR, MINISTER STRANG EXPRESSED DOUBT AS TO WISDOM OF USING PENSION FUNDS AS RISK CAPITAL AND STRESSED THAT EVEN THE VERY MODEST BEGINNING WOULD BE WATCHED VERY CLOSELY. SUBSEQUENTLY, HOWEVER, LEFT- WING ELEMENTS IN LABOR AND AGAIN AT SOCIAL DEMOCRATIC PARTY CONGRESS LAST OCTOBER HAVE CALLED FOR A SHIFT OF EMPHASIS TOWARD GREATER LABOR AND GOS CONTROL OF THE PROGRAM. STRANG ANNOUNCEMENT WAS THUS RESPONSIVE TO THOSE PRESSURES.

3. REACTION FROM OPPOSITION PARTIES WAS QUICK AND DECIDED. MODERATE PARTY DEPUTY LEADER BURENSTAM LINDER AND LIBERAL LEADER HELEN SAID ACTION WOULD BE A STEP TOWARD SOCIALIZATION OF SWEDISH SOCIETY. CENTER DEPUTY LEADER ANTONSSON WAS LESS FORTHRIGHT, BUT INDICATED THAT HIS PARTY COULD NOT SUPPORT SOCIAL DEMOCRATIC CHANGES TO COMMISSION'S PROPOSALS AND IMPLIED THAT CENTER MIGHT VOTE AGAINST ENTIRE QUESTION. COMMUNIST (VPK) LEADER HERMANSSON SAID HIS PARTY FAVORED THE GOAL OF TAKING OVER PRIVATE SWEDISH COMPANIES BY SOCIETY (THE STATE) BUT DID NOT LIKE THE METHOD. HE DID NOT SPECIFY HOW VPK WOULD EVENTUALLY VOTE.

4. COMMENT: SOME OBSERVERS SUGGEST THAT SOCIAL DEMOCRATS MAY LIMITED OFFICIAL USE

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HAVE RELEASED TRIAL BALLOON, THAT THEY DO NOT REALLY EXPECT THEIR PROPOSED CHANGES TO BE ACCEPTED. IT IS SIGNIFICANT IN THIS REGARD THAT GOS IS NOT SUBMITTING A BILL AT PRESENT BUT HAS SIMPLY STATED THAT " BILL WILL BE SENT TO RIKSDAG LATER IN SPRING OR AT FALL SESSION." SOME OBSERVERS DOUBT THAT THE RIKSDAG WOULD GIVE UP POWER TO REVIEW SUCH A HIGHLY- CONTROVERSIAL PROGRAM AND TO DECIDE ON INCREASED USE OF PENSION MONEY. IN ANY EVENT, SUBJECT HAS ALREADY BECOME A MAJOR ISSUE IN ELECTION CAMPAIGN.
OLSEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 02 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STOCKH01032
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730346/abqcdxpk.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 07 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Sep-2001 by rowellE0>; APPROVED <19-Sep-2001 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SWEDISH PENSION FUND AS POLITICAL ISSUE
TAGS: ELAB EGEN SW
To: STATE INFO COPENHAGEN
HELSINKI
OSLO
REYKJAVIK
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005